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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/731,433	12/10/2003	Walter C. Muren	5997.0037	5179
22852	7590	07/25/2008		
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP 901 NEW YORK AVENUE, NW WASHINGTON, DC 20001-4413			EXAMINER OBEID, FAHD A	
			ART UNIT 3627	PAPER NUMBER
			MAIL DATE 07/25/2008	DELIVERY MODE PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10731,433

Applicant(s)

MUREN, WALTER C.

Examiner

FAHD A. OBEID

Art Unit

3627

Period for Reply -- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 28 April 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-42 is/are pending in the application.
- 4a) Of the above claim(s) 8, 26, 36 and 39-42 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☐ Claim(s) 1-7, 9-25, 27-35, and 37-38 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/06)
- 4) ☐ Interview Summary (PTO-413)
- 5) ☐ Paper No(s)/Mail Date _____
- 6) ☐ Other: _____

DETAILED ACTION

Status of the Application

1. This is in reply to application filed on 04/28/2008.
2. Claims 8, 26, and 36 have been cancelled.
3. Claims 39-42 have been withdrawn by applicant.
4. Claims 1, 5, 9, 10, 12, 14, 21, 22, 23, 27, 28, 30, 33, and 37-38 have been amended.
5. Claims 1-7, 9-25, 27-35, and 37-38 are currently pending and have been examined.

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. **Claims 1-7, 9-10, 12-25, 27-28, 30-35, and 37-38 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) in view of Stout (5,878,404), and further in view of Pretell (US 2005/0004860).**
3. Regarding Claims 1, 2, 22, 23, 24, 33, and 34: King discloses a method for providing a mortgage, said method comprising:

- Determining a principal and interest amount based on the revised interest rate, (establishing a maximum rate of interest for the financing, in provides the borrower the ability to potentially pay lower interest rates if rates decline; figs 2 & 6, col 8 lines 45-62, col 10 lines 11-19, col 13 lines 31-39, and col 14 lines 21-37).

King does not expressly disclose receiving a fixed payment, determining a difference between the fixed payment and the principal interest amount, and paying (prepaying) the mortgage based on the difference.

However, Stout discloses the following:

- Receiving a fixed payment for the mortgage, the fixed payment being based on an initial interest rate serving as a maximum interest rate (receiving a fixed payment of \$1000; see fig 6).
- Determining a difference between the fixed payment and a sum of the principal and interest amount (fig 6).
- Paying (prepaying) the mortgage based on the difference (fig 6).
- Determining, when the current interest rate has increased, the revised interest rate, wherein the revised interest rate does not exceed the maximum interest rate (fig 6).

King does not expressly disclose qualifying, wherein qualifying includes determining the revised interest rate and evaluating at least one of a loan to value ration, an appraisal of a property, and a credit history.

However, Pretell discloses the following:

- Qualifying, when a current interest rate has declined, a revised interest rate that is lower than the maximum interest rate, wherein qualifying includes determining the revised

interest rate and evaluating at least one of a loan to value ratio, an appraisal of a property, and a credit history (fig 17B and para 10).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to use Stout's and Pretell's teachings in King's administering an adjustable rate loan system enabled, for the advantage of managing the amortization of a loan which automatically resets the rate of interest in response to the debtor's election (Stout; see col 2 lines 31-45). Also, to determine customer's eligibility by checking customers credit history to take advantage of the decrease in interest rate while avoiding refinancing.

4. Regarding Claims 3, 25, and 35: King discloses a method of claim 1, wherein paying further comprises:

- Reducing a term associated with the mortgage (fig 6 and col 14 lines 48-60, and claim 76).

5. Regarding claim 4: King discloses a method of claim 1, further comprising:

- Offering the mortgage to one or more borrowers (abstract and col 5 lines 48-50).

6. Regarding claim 5: King discloses a method of claim 1, further comprising:

- Receiving a request for a lower interest rate, the lower interest rate being based on the current interest rate (figs 2 & 8, col 4 lines 13-15, and col 5 lines 33-36).

7. Regarding claim 6: King discloses a method of claim 5, further comprising:

- Accepting the request (fig 2).
8. Regarding claim 7: King discloses a method of claim 1, further comprising:
- Receiving an indication of an adjusted interest rate, the adjusted interest rate serving as the revised interest rate (fig 2).
9. Regarding Claims 9, 27, and 37: King discloses a method of claim 1, further comprising:
- Determining the revised interest rate based on the current interest rate plus a fixed amount (fig 6).
10. Regarding Claims 10, 28, and 38: King discloses a method of claim 1, further comprising:
- Determining the revised interest rate based on the current interest rate, the current interest rate not exceeding the initial interest rate (figs 3, 4, & 6).
11. Regarding Claims 12 and 30: King discloses a method of claim 1 further comprising:
- Increasing the revised interest rate based on the current interest rate (col 3 lines 18-32).
12. Regarding Claims 13 and 31: King discloses a method of claim 12, wherein determining the principal and interest amount further comprises:

- Using the increased revised interest rate to determine the principal and interest amount (fig 3 and col 21 lines 46-50).

13. Regarding claim 14: King discloses a method of claim 13, further comprising:

- Defining the revised interest rate, the revised interest rate being subsequently decreased (col 3 lines 18-32).

14. Regarding claim 15: King discloses a method of claim 1, further comprising:

- Determining whether one or more terms and conditions are satisfied (col 18 lines 26-30 and claim 1).

15. Regarding claims 16-21 and 32: King does not expressly disclose using the fixed payment for an entire term, receiving an indication that the fixed payment has been received, determining the fixed payment based on the initial interest rate, a principal balance at close of the mortgage and a term at close of the mortgage, determining the principal and interest amount based on the revised interest rate and a principal balance remaining on the mortgage and a term remaining on the mortgage, and reducing the principal balance remaining on the mortgage by paying the fixed payment, and reducing the principal balance such that the mortgage amortizes positively.

However, Stout does disclose a method of claim 1, further comprising:

- Using the fixed payment for an entire term associated with the mortgage (fixed payment of \$ 1000; see at least fig 6).

- Receiving an indication that the fixed payment has been received (at least fig 6).
- Determining the fixed payment based on the initial interest rate, a principal balance at close of the mortgage, and a term at close of the mortgage (at least fig 6).
- Determining the principal and interest amount based on the revised interest rate, a principal balance remaining on the mortgage, and a term remaining on the mortgage (at least fig 6).
- Reducing the principal balance remaining on the mortgage by paying the fixed payment (at least fig 6).
- Reducing the principal balance, such that the mortgage amortizes positively (at least fig 6).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to use Stout's teachings in King's administering an adjustable rate loan system enabled, for the advantage of managing the amortization of a loan and tracking principal reduction, rate adjustment option, the amount of a loan to the debtor, the principal balance of the loan, and the term of the loan (Stout; col 2 lines 51-63).

16. Claims 11 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) in view of Stout (5,878,404), and further in view of Pretell (US 2005/0004860) as applied to claim 1-10, 12-28, and 30-38 above, and further in view of NPL.

17. Regarding Claims 11 and 29: King does not expressly disclose an equation to determine the principal and interest amount.

However NPL discloses determining the principal and interest amount further comprises:

- Determining the principal and interest (P & I) amount based on the following equation:

$$P \text{ \& I amount} = (\text{loan amount}) * [(\text{lower interest rate}) / (\text{interest factor})]$$

Wherein the interest factor is determined based on the following equation:

$$\text{Interest Factor} = [1 - (1 + \text{monthly interest})] ^ {(-\text{periods})} \text{ (NPL page 8).}$$

It would have been obvious to one having ordinary skill in the art at the time the invention was made to use NPL's teachings in King's administering an adjustable rate loan system enabled, for the advantage of computing a principal and interest amounts based on fluctuating interest rates, periods, and loan to provide monthly payments.

Response to Arguments

18. Applicant's arguments with respect to claims 1-10, 12-28, and 30-38 have been considered but are moot in view of the new ground(s) of rejection.

19. Applicant's argument with respect to "a prima facie case of obviousness has not been established" has been fully considered but is not persuasive.

applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or

motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, it would be extremely advantageous to incorporate the teachings of Stout into the disclosure of King, for the same purpose stated in the previous action. Therefore, in view of the above evidence, the combination of King in view of Stout still meet the scope of the limitations as currently claimed.

Furthermore, KSR forecloses the argument that a specific teaching, suggestion, or motivation is required to support a finding of obviousness. See the recent Board decision *Ex parte Smith*, -- USPQ2d--, slip op. at 20, (Bd. Pat. App. & Interf. June 25, 2007) (citing *KSR*, 82 USPQ2d at 1396).

20. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to FAHD A. OBEID whose telephone number is (571)270-3324. The examiner can normally be reached on Monday to Friday 8:00am-4:30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Ryan Zeender can be reached on 571-272-6790. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Fahd A Obeid/
Examiner, Art Unit 3627
07/18/2008

/F. Ryan Zeender/
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3627